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BEAUCE PLACER MINING CO. LTD.

(NO PERSONAL LIABILITY)



SIXTH ANNUAL REPORT

Year Ended Dec. 31, 1963

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

OFFICERS	M. J. BOYLEN, D.C.L., D.Sc. - - - - <i>President</i>
	JAMES K. CROWDY - - - <i>Vice-President and Managing-Director</i>
	GORDON L. MOORE - - - <i>Secretary-Treasurer</i>
	RAYMOND CARON - - - - <i>Assistant-Secretary</i>
	CHARLES B. BRANNIGAN - - <i>Assistant-Treasurer</i>
DIRECTORS	M. J. BOYLEN, D.C.L., D.Sc. - - Toronto, Ontario
	JAMES K. CROWDY - - - Seattle, Washington, U.S.A.
	ROBERTS J. ISAACS - - - - Toronto, Ontario
	FRANC R. JOUBIN - - - - Toronto, Ontario
	JACQUES TASCHEREAU - - - - Montreal, Quebec.
HEAD OFFICE	620 Cathcart Street - - - - Montreal, Quebec.
EXECUTIVE OFFICE	908 - 330 Bay Street - - - - Toronto, Ontario
MINE OFFICE	St Georges East, Quebec.
AUDITORS	THORNE, MULHOLLAND, HOWSON & McPHERSON - - - - Toronto, Ontario
TRANSFER AGENTS	GUARANTY TRUST COMPANY OF CANADA - - - - Toronto, Ontario and Montreal, Quebec

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Directors' Report

TO THE SHAREHOLDERS:

The Sixth Annual Report of your Company, including its financial statements covering the year ended December 31st, 1963, and the Report of the Auditors, is presented for your consideration.

The dredging operation near Beauceville, Quebec, was on a standby basis throughout the year while endeavouring to work out details of mechanical and operational changes deemed necessary to surmount the unusual problems relative to clay handling.

A plan of approach has now been decided upon and crews are being engaged for the startup and testing of forward operations which will require about ten weeks. A Consultant has been engaged to be present while the test work is in progress. This phase is estimated to cost \$90,000.

Provided tests are satisfactory, and the Consultant gives an engineering opinion that forward operations can be carried on successfully and on a profitable basis, regular operations will be implemented requiring a working capital of approximately \$135,000.

Arrangements have been made for the required finances to the extent of \$225,000 as below described.

You will find enclosed a notice calling the annual general meeting of the shareholders of the Company for Thursday, June 25, 1964, at the Harricana Room, Queen Elizabeth Hotel, Montreal, Quebec at 12:00 o'clock noon (Eastern Daylight Time).

In addition to the usual business to be conducted at the annual meeting, as outlined in the notice, the meeting has been called as a special general meeting in order that shareholders may consider, and if thought fit, confirm an increase in the authorized capital of the Company. It is proposed that the present authorized capital be increased from 4,000,000 shares with a par value of \$1 each to 5,000,000 shares of \$1 par value each.

The shareholders will also be asked to authorize the Board of Directors, if and to the extent that the Board may so decide by resolution, to give, pursuant to By-law 11 of the Company, a first hypothec, mortgage and floating charge upon all the moveable and immoveable property, present and future, of the Company to secure repayment of the financing arranged for in the form of loans to total \$225,000 and, to the extent not used to secure repayment of the said loans, to secure repayment of the sums totalling \$675,000 paid to the Bank of Nova Scotia by M. J. Boylen and his associates as guarantors of the Company's bank loans.

As accommodation for the said new loans to total \$225,000, the lenders, M. J. Boylen and his associates, will be granted an option to purchase up to 250,000 shares of the Company at a price of ten cents per share, such option to be valid for a period of eighteen months after the date the sum of \$225,000 has been advanced in full.

On behalf of the Board,

M. J. BOYLEN,
President.

Toronto, Ontario,
June 4, 1964.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

NOTES TO FINANCIAL STATEMENT

Year ended December 31, 1963

1. Under an agreement dated August 1, 1962, amending a previous agreement dated January 4, 1961 between the company and New York-Alaska Mines Ltd., the latter has agreed to provide the services of its President, James K. Crowdy, to act as Vice-President and Managing Director of the company and to direct all operations on the company's mining rights and properties. The company has agreed to pay New York-Alaska as a fee for the services of James K. Crowdy the greater of (a) the time spent on the company's affairs based on a rate of \$1,500.00 for a full month or (b) ten per cent of the annual net proceeds before income taxes, as defined, from the operations of the company. Monies owing under alternative (b) are to remain unpaid until the company has repaid all obligations under the subordinated notes and bank loan. The agreement shall not be terminated before April 22, 1970 as long as the services of Mr. Crowdy are provided except on three months' notice if in the judgment of either party the commercial operations of the company will not produce net proceeds. After April 22, 1970 the agreement shall continue on the same terms but may be terminated on six months' notice by either party.
2. In order to fully exercise the option on mining properties, the company must give notice of intent prior to October 21, 1965.

At this time an additional \$40,000 becomes payable in yearly instalments based on a percentage of gross recovery of precious metals from these mining properties with a minimum annual instalment of \$500.
3. Subsequent to December 31, 1963 the bank advances have been paid off by a director and have been replaced by a demand note payable to the director.

BEAUCE PLACER

(No Personal Liability)
Incorporated under the laws of the Province of Ontario

Balance Sheet —

ASSETS

CURRENT ASSETS:

Accounts receivable	\$	703.80	
Receivable from director		1,800.93	
Government of Canada bond on deposit with Quebec Securities Commission, at cost (market value \$918.75)		1,000.00	
Prepaid expenses	26,818.20	\$	30,322.93

STORES AND SUPPLIES, AT COST 17,551.08

OPTION ON PURCHASE OF MINING PROPERTIES (note 2) 2,000.00

FIXED ASSETS, AT COST:

Land		44,632.58	
Drilling and automotive equipment, machinery and furniture		80,326.29	
Dredge and dredging equipment		679,446.53	
Mining rights and properties, at value assigned by directors to 750,000 fully paid shares (10¢ per share) issued as consideration therefor	\$75,000.00		
Value assigned by directors to 300,000 fully paid shares (30¢ per share) issued as consideration for exploration and development expenses of \$100,274.65 on the foregoing mining rights and properties	90,000.00	165,000.00	969,405.40

DEFERRED CHARGES:

Exploration and development expenses	765,005.67	
Administration and general expenses	236,372.85	
Organization expense	500.00	1,001,878.52

Approved on behalf of the Board:

M. J. BOYLEN, Director.

R. J. ISAACS, Director.

\$ 2,021,157.93

AUDITOR

To the Shareholders of

BEAUCE PLACER MINING Co. LTD. (No Personal Liability):

We have examined the balance sheet of Beauce Placer Mining Co. Ltd. (No Personal Liability) and administration and general expenses for the year ended on that date and have obtained a review of the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary.

In our opinion, and according to the best of our information and the explanation and related statements of exploration and development and administration and general affairs of the company as at December 31, 1963 and the results of its operations for the year, the balance sheet is presented fairly on a basis consistent with that of the preceding year.

Toronto, Canada,
May 15, 1964.

MINING CO. LTD.

Liability)
the laws of Quebec

December 31, 1963

LIABILITIES

CURRENT LIABILITIES:

Bank advances (note 3)	\$254,191.70	
Accounts payable and accrued expenses	25,778.34	
Demand notes payable and accrued interest:		
Shareholders	424,775.74	
Other	61,113.42	
Accrued interest on subordinated promissory notes	50,280.42	\$ 816,139.62

LONG-TERM LIABILITIES:

5% Unsecured, deferred subordinated promissory notes due November 30, 1965	350,000.00
	<u>1,166,139.62</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 4,000,000 shares, par value \$1.00 each
Issued:

	No. of shares and par value	Discount	Net
For cash	2,635,000	\$ 1,885,377.50	\$749,622.50
For mining rights and properties	750,000	675,000.00	75,000.00
For exploration and development	300,000	210,000.00	90,000.00
	<u>3,685,000</u>	<u>2,770,377.50</u>	<u>914,622.50</u>

DEFICIT	59,604.19	855,018.31
		<u>\$ 2,021,157.93</u>

REPORT

Liability) as at December 31, 1963 and the statements of exploration and development
the information and explanations we have required. Our examination included a general
ing evidence as we considered necessary in the circumstances.

ven to us and as shown by the books of the company, the accompanying balance sheet
nses are properly drawn up so as to exhibit a true and correct view of the state of the
r ended on that date, in accordance with generally accepted accounting principles applied

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES

Year ended December 31, 1963

	Balance December 31, 1962	Expenses during 1963	Balance December 31, 1963
Drilling	\$183,106.76	\$ 136.00	\$183,242.76
DEVELOPMENT EXPENSES:			
Drainage	34,563.67	—	34,563.67
Access road	1,730.56	—	1,730.56
Dam and dredge pit	4,354.41	—	4,354.41
Cleaning and stripping	98,168.53	21,783.16	119,951.69
Dredge into pay area	183,652.01	13,516.58	197,168.59
	322,469.18	35,299.74	357,768.92
Less Preproduction bullion revenue (net)	17,288.23	—	17,288.23
	305,180.95	35,299.74	340,480.69
PURCHASE OF LAND EASEMENTS	10,535.91	—	10,535.91
MINE OVERHEAD AND INDIRECT EXPENSE:			
Salaries	42,948.26	5,619.67	48,567.93
Rent and services	19,050.93	1,093.88	20,144.81
Postage, stationery and supplies	3,063.85	15.00	3,078.85
Telephone and telegraph	6,148.69	923.45	7,072.14
New York-Alaska office expense	18,811.26	61.50	18,872.76
Office and warehouse expense	2,889.56	—	2,889.56
Supervision	25,667.81	—	25,667.81
General engineering and drafting	12,041.15	1,414.70	13,455.85
Travelling and transportation	29,872.36	183.48	30,055.84
Employment service	1,424.35	—	1,424.35
Legal	384.85	—	384.85
Vacation with pay	5,324.89	226.12	5,551.01
Employee welfare	905.12	—	905.12
Bank charges	634.84	52.31	687.15
Loss on sale of fixed assets	7,494.59	—	7,494.59
Watchmen's salaries and expenses	4,127.85	3,580.11	7,707.96
General insurance	15,502.25	756.41	16,258.66
Employees' group insurance	1,499.75	6.11	1,505.86
Unemployment insurance and workmen's compensation	15,467.96	710.80	16,178.76
Municipal taxes	894.06	482.64	1,376.70
Taxes and licenses	5,409.99	149.68	5,559.67
Minimum wage expense	121.98	116.19	238.17
Mineral claim renewal fees	1,474.13	—	1,474.13
	221,160.48	15,392.05	236,552.53
	719,984.10	50,827.79	770,811.89
Less Revenue from wood cutting (net)	5,806.22	—	5,806.22
	\$714,177.88	\$50,827.79	\$765,005.67

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF ADMINISTRATION AND GENERAL EXPENSES

Year ended December 31, 1963

	Balance December 31, 1962	Expenses during 1963	Balance December 31, 1963
Advertising	\$ 4,629.98	\$ —	\$ 4,629.98
Bank loan interest	36,763.53	32,114.02	68,877.55
Overdraft interest, bank charges and discounts	12,816.51	194.70	13,011.21
Interest on promissory notes	39,488.75	26,696.67	66,185.42
Corporation taxes	614.86	65.00	679.86
Engineering and consulting	3,193.78	242.38	3,436.16
Legal and audit	13,716.70	900.00	14,616.70
Postage, stationery and supplies	6,032.83	269.59	6,302.42
Security and registration expense	1,985.00	—	1,985.00
Listing and sustaining fees	1,865.10	140.00	2,005.10
Telephone and telegraph	4,006.16	354.98	4,361.14
Transfer agent and registrar's fees	2,791.75	638.47	3,430.22
Travelling expense	6,317.88	2,095.44	8,413.32
Administration	27,600.00	4,500.00	32,100.00
Report to shareholders	3,907.41	479.04	4,386.45
Payment to widow of former manager	1,000.00	—	1,000.00
General expense	929.31	23.01	952.32
	<u>\$167,659.55</u>	<u>\$68,713.30</u>	<u>\$236,372.85</u>

STATEMENT OF DEFICIT

Year ended December 31, 1963

Balance at beginning of year	\$ 5,029.08
Add Loss on sale of fixed assets	54,575.11
BALANCE AT END OF YEAR	<u>\$59,604.19</u>



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